

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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COMMONWEALTH GAS COMPANY) D.T.E. 00-94

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OFFER OF SETTLEMENT

This Offer of Settlement ("Settlement") is entered into this 7th day of December, 2000 by and between the Commonwealth Gas Company, d/b/a NSTAR Gas ("NSTAR Gas" or the "Company") and the Commonwealth of Massachusetts Division of Energy Resources ("DOER"), for the purpose of resolving all issues that were raised in connection with the above-captioned proceeding. NSTAR Gas and DOER are collectively referred to herein as the "Settling Parties." Pursuant to 220 C.M.R. § 1.10(8), the Settling Parties stipulate to the following:

1. On November 1, 2000, pursuant to G.L.c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., NSTAR Gas filed with the Department of Telecommunications and Energy ("Department") a petition for approval by the Department of the Company's proposed operating budget of \$363,000 and applicable monthly surcharge of \$0.09 per monthly bill for the residential energy conservation service ("RCS") program for the calendar year January 1, 2001 through December 31, 2001 ("CY-2001").

2. Pursuant to G.L.c. 164 App., §§ 2-1 through 2-10 DOER must adopt a state plan and promulgate regulations necessary to implement that plan. DOER is responsible for (a) establishing residential energy and conservation goals; (b) establishing RCS program guidelines; (c) monitoring the implementation of the program requirements; and (d) overseeing the implementation of the state plan by approving a utility implementation plan ("UIP"). DOER has commenced implementation of the redesign of the RCS program, including the amendment of existing regulations. NSTAR Gas is participating in this process. NSTAR Gas's filing in this proceeding reflects the unique circumstances of this transition year and specifically responds to the DOER's directives

that, in lieu of a traditional UIP, RCS program administrators should include a brief CY 2001 budget summary and related tables for RCS budget filings for CY 2001.

3. In support of this Offer of Settlement, the Settling Parties hereby incorporate into this Settlement the exhibits NSTAR Gas filed with the Department on November 1st in support of its proposed budget and surcharge.

4. DOER has received and reviewed NSTAR Gas' CY 2001 budget filing and finds that it is adequate to support the activities outlined and specified in the UIP approved by the DOER on April 29, 1999, as modified in connection with the proposed DOER redesign.

5. NSTAR Gas' RCS budget filing complies with the requirements established in G.L.c. 164 App., §§ 2-1 through 2-10; 220 C.M.R. §§ 7.00 et seq.; and the filing requirements set forth in Mass. Save, Inc., D.P.U. 85-189 (1985).

6. NSTAR Gas' actual expenses for the first nine months of its fiscal year 2000, January 1, 2000 through September 30, 2000, were \$247842.21 and are reasonable and therefore recoverable from ratepayers (Exh. 8). The Settling Parties agree that the Department will review the Company's actual expenditures for the final three months of 2000 in the next annual RCS budget review.

7. NSTAR Gas' CY-2001 budget is the same as the CY 2000 budget which was approved by the Department and endorsed by the DOER. These twelve-month estimated expenditures for CY-2001 are reasonable and recoverable from the ratepayers.

8. The Company's proposed RCS surcharge of \$.09, down from \$.15, should enable NSTAR Gas to assure the successful implementation of its RCS program and will be subject to reconciliation as noted below.

9. Pursuant to 220 CMR 7.00, the Company will submit an updated filing containing the reconciliation of actual expenditures of CY 2000 when the Company files the CY-2002 RCS budget for Department review and approval.

10. The Company calculated its RCS surcharge by dividing the total number of bills expected to be rendered during CY-2001 by the net amount to be collected to support RCS services and factoring in an adjustment (to be reconciled in the Company's next RCS filing) (Exh. 11). The RCS surcharge to be applied to the Company's bills during CY-2001 shall be \$0.09 per bill per month.

11. NSTAR Gas' proposed CY-2001 RCS program budget, budget reconciliations, and proposed CY 2001 surcharge, are reasonable.

12. The making of this Settlement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true or valid.

13. This Settlement is expressly conditioned upon the Department's acceptance of all of its provisions, without change or condition on or before December 31, 2000, and if the Department does not accept it in its entirety, without change or condition, the Settlement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose.

14. The Department's acceptance of this Settlement does not constitute continuing approval of, or precedent regarding, any particular issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties believe, the provisions set forth herein are just and reasonable.

15. The discussions which have produced this Settlement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

Wherefore, the Settling Parties agree to jointly petition the Department to approve this Offer of Settlement by submitting a Joint Motion for Approval of Offer of Settlement in accordance with 220 C.M.R. § 1.10(8), and by their attorneys do hereunto affix their names.

COMMONWEALTH GAS COMPANY

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